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sion and the Interior Department should be uncoordinated. This subject should have the prompt attention of the Congress.

6. Uncertainties facing private industry as the present Federal 50-year hydroelectric licenses come up for renewal: Many existing important hydroelectric plants operated by private industry are under 50-year licenses, some of which will come up for renewal by 1970. Private industry is in a dilemma concerning further investments in the generation, transmission, and distribution facilities, because of uncertainty over license renewal. This uncertainty is a deterrent to new industries which might locate in areas where they could contribute to employment and local prosperity.

RECOMMENDATION NO. 6

The Congress should promptly establish a Federal policy on such license renewals, and this policy should not discriminate against private industry over Government ownership.

7. Veto power on the dispatch of electrical transmission lines on public lands: Since the Eisenhower administration left office, the Interior Department has sought to establish control over the terms, conditions, and uses of electrical power transmitted by lines across land owned by the Federal Government. The Federal Power Commission has taken issue with this position of the executive branch. We believe the Federal Power Commission is right in its contentions.

In the 17 Western States the supervision of vast public lands by the Interior Department results in virtual control over all aspects of long-distance transmission of electrical energy. The extent of Federal ownership of Western land is frequently not realized. The chart below indicates the percentage of land owned by the Federal Government in five States:

	Percent
Nevada.....	85.5
Utah.....	68.4
Oregon.....	51.9
Idaho.....	64.6
Wyoming.....	48.2

Since the Interior Department administers the land, private companies, which may wish to transmit power over any large area in the West, are in a position (under the Interior Department's indicated policies) where they can operate only by submitting to conditions imposed not by the Federal Power Commission but by the Department of the Interior.

RECOMMENDATION NO. 7

We recommend that the Federal Power Commission, free of dictation by the Interior Department, deal with the private transmission of power in the public-land States. The Interior Department should not have veto power in such matters.

8. The lack of adequate hydrological studies: It has now been more than a decade since the first Hoover Commission strongly recommended that more Federal emphasis be placed on obtaining better hydrological data in the United States. The Eisenhower administration, through the President's Advisory Committee on Water Resources Policy (PACWRP), made strides in this direction. Since 1961, this effort has received inadequate encouragement.

The recent, outstanding study of the Task Force on Coordinated Water Resources Research of the Federal Council for Science and Technology has made a valuable contribution to the Nation in this respect, but the recommendations of the study have not been implemented. The task force, under its distinguished Chairman, Dr. Roger Revelle of the University of California, was concerned with water primarily for its use by human and industrial consumers. However, the recommendations for better hydrological information

apply in a parallel way to the need for more information in this area in connection with the generation of hydroelectric energy.

RECOMMENDATION NO. 8

We endorse the proposals of the Revelle Task Force, since obtaining more data about water will apply to its usefulness in generating electrical energy. We believe the Federal system for obtaining hydrological data should be materially expanded and the agencies involved better coordinated.

9. Coordination among Federal agencies: Under the Eisenhower administration, a significant step forward was taken in coordinating the numerous Federal agencies concerned with generating electrical power, through the creation of PACWRP (see above).

Under PACWRP, policy differences were greatly reduced, in marked contrast to the problem of the Missouri River during the late forties, when it became necessary to organize an ad hoc coordinating group for the Missouri River Basin alone. The so-called Pick-Sloan plan for the Missouri River Basin was then developed and hailed as evidence that Federal agencies could work together and reconcile the views of two organizations with different objectives. In this instance, one was concerned primarily with flood control and navigation, the other mainly with irrigation. There was not enough water in the Missouri basin to supply all needs, and bureaucratic compromise could not alter that fact. Yet, the Pick-Sloan plan demonstrated a need which was met in considerable degree in the Eisenhower administration, though nothing since has been done along this line.

RECOMMENDATION NO. 9

The President should insist upon coordination among executive agencies concerned with generating and transmitting electrical energy.

10. The new emphasis in REA on transmission and generation facilities: The Norris-Rayburn Act, establishing the Rural Electrification Administration (the REA), was approved by Congress in 1936, with the announced purpose to bring the advantages of electricity to rural areas. A "rural area" was defined as any portion of the Nation which was not included within the boundaries of a city, village, or borough with a population of more than 1,500 persons. This definition of area is now construed to cover much of suburbia or outer suburbia.

Senator George Norris, of Nebraska, author of the act, convinced the Congress that the law was needed to make electricity available to farms and at reasonable prices. The private power industry had naturally concentrated where the need per capita was greatest and where the demand would make the financing of facilities feasible.

It is amazing to realize that only four decades before the enactment of the Norris-Rayburn Act virtually all of the United States was lighted and fueled by coal, gas, kerosene, and the like. The private electrical generating industry rose during the first three decades of the 20th century from insignificant beginnings into the most important industry in the United States.

Like all of our dynamic fields, the electrical power industry had severe "growing pains." It did not have enough trained people to service the entire United States; and high population density areas were stressed. Private industry serviced major rural areas where the load was adequate, such as central New York State, with its power requirements for dairying, and California, with its irrigation pumping needs. But, the general farming area was not so served in 1936 when the REA was created. Senator Norris correctly pointed out that this was a "growing pain" of the industry, and in most rural areas.

In 1936, 89 percent of all farms were without central service electricity. In 1964, the situation has completely reversed itself; 98 percent of all American farms are electrified through central station service, and most of the remaining 2 percent could be so serviced readily. In this respect, we believe the REA has realized its purpose.

In recent years, however, the REA has placed major emphasis on the building of transmission and generation facilities and on supplying electrical energy to suburbia and outer suburbia. This was not the purpose of the Norris-Rayburn Act. Now that nearly all of the farm population has been supplied with electricity, the REA, as is the common experience with bureaucracies, has sought ways of perpetuating and expanding itself. In the few years since the Eisenhower administration left office, borrowings from the REA to set up facilities for generation and transmission of electrical energy have greatly increased and the trend is sharply upward.

If rural areas are lacking in generation and transmission facilities, they should by all means have them, but we believe it unwise to finance such facilities with Federal funds where adequate and existing private facilities already exist. Numerous examples bear out this point; for instance, the Patuxent area of Maryland and in southern Indiana. In both cases, taxpayers' money was unnecessary since private facilities were available. These recent policies of the REA are not the purposes of the law as expressed by its original congressional sponsors.

RECOMMENDATION NO. 10

We recommend that the Congress by resolution or the President by Executive order establish a competent objective body to review the original purposes and present activities of the REA. Farmers are entitled to reasonably priced electrical power, but we do not believe that long-term money borrowed by the United States at about 4 percent and then reloaned through the REA at 2 percent should be used to promote competition with private citizens. Efficient private producers have proven that they can provide electricity at low cost to the consumer even against competition taking advantage of the artificially low interest rates of REA loans.

11. New steam-generating plants of the REA bypassing Congress: As mentioned in item No. 10, the REA appears to have changed its emphasis from servicing farmers to the generation and transmission of electrical energy for consumers not engaged in agriculture. One aspect of this is certainly open to question. On repeated occasions, the Congress has refused to appropriate funds for steam-generating plants as supplements to Federal hydroelectric power projects because private facilities were available. The Congress was obviously unmindful of the fact that hydroelectric power is often sporadic, depending upon rainfall, and that therefore hydroelectric power usually needs to be supplemented with standby steam-generated power. The questionable point is that REA loans have been made apparently to build steamplants for which the Congress had refused to grant funds. Here are examples:

1. 1962—Colorado-Ute Cooperative: The REA provided \$21,602,000 toward financing a 150,000-kilowatt steamplant to firm up power from the Colorado River storage project.

2. 1962—Basin Electric Power Cooperative: A \$36,600,000 loan was made to build a 200,000-kilowatt steamplant, most of the power from which will be disposed of to firm up Missouri Basin power.

3. 1963—Upshur Rural Electric Cooperative: A REA loan of \$9,170,000 was made to build a 33,000-kilowatt steamplant and transmission lines. The Southwestern Power Pool, of which the Upshur Cooperative is a part, has the power and the transmission lines.

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RECOMMENDATION NO. 11

The Congress should, by suitable legislation, restrain the REA from financing the construction of steamplant power-generating facilities as supplements to hydroelectric projects in cases where the Congress itself has refused to appropriate funds specifically for such facilities.

12. Comparable rates: Consumers located where they may buy power from Federal projects usually obtain it at a price well below its true cost of production. This is unfair to power consumers who are not so fortunately situated, yet who pay taxes to subsidize the power for others. This inequity to taxpayers and to privately owned utilities is a consequence of several factors.

First, Federal power projects are usually tax exempt. Consumers of electricity supplied by investor-owned electric companies must bear through their electric bills a significant tax burden. In most instances, this amounts to about 23 to 25 percent of the cost of electricity, yet those who obtain their power from Federal projects, in most instances, do not have to pay such taxes.

Second, rates charged to consumers for power from most Federal projects are intended by law to return interest on the unamortized power investment at only 3 percent or less per year. Since it costs the Federal Government about 4 percent to borrow money of a comparable maturity, the result is a subsidy given a few power consumers at the expense of many others.

The Comptroller General of the United States, an agency of Congress, found that the Missouri Basin power projects, from their inception to the end of fiscal 1960, had lost a total of \$51,778,000. The Southwestern Power Administration and its appended power projects, from its inception in 1944 through 1961, had lost \$50,105,000. The Columbia River Power System, on its power operations, had lost \$53,320,000 from 1958 through 1963. The Southeastern Power Administration, on its power operations from 1955 through 1960, had lost \$20,400,000. The sum of these losses was a gift to the users of this power, paid for by taxes collected from citizens in other areas.

Thus, the General Accounting Office has found that major Federal power projects in general do not charge rates sufficient to cover the modest interest charges imposed on them.

RECOMMENDATION NO. 12

The rates charged to users of Federal power should be adjusted so that the users of such power do not receive an unfair advantage as opposed to those who do not receive their power from federally subsidized projects.

13. The fossil energy source materials:

Coal: In terms of tonnage, the coal industry is unique in that it has remained relatively static for years. In 1962, the use was as follows: industry 24 percent; coke 20 percent; electricity 48 percent; retail 8 percent; remainder, ammonia and other special chemicals. Recent U.S. production of coal is 440 million tons per annum (1962), about one-seventh of the world production. Coal and natural gas are almost perfectly competitive for the cost of electricity production, about 25 cents per million B.t.u., averaged over the United States (local factors favor one over the other of course). Oil is about one-third higher in cost.

Coal reserves are calculated on the assumption that 50 percent of the known quantities in the ground are "recoverable," depending on technology and economic demand. On the basis of this 50 percent, the present reserves in the United States are 83×10^{10} tons. At 1962 rates, we are then mining 0.05 percent per annum. In other words, at 10 times the present rate of use and with no new finds, we have a 200-year supply. Approved For Release 2005/01/05 : CIA-RDP66B00403R000200150010-1

Natural gas: Probably one of the fastest growing areas of energy source is natural gas, which is increasing at 5 percent per annum. In 1962, a total of 13.9×10^{11} cubic feet were sold. In 1960, the breakdown was 6.5×10^{11} industrial, 4.1×10^{11} residential and commercial, and 1.8×10^{11} field (i.e., losses, etc.).

In the year 1961, proven reserves (economically and technically recoverable) were 275×10^{11} cubic feet. Under present use rates, this is a 20-year supply but both use rates and new finds are increasing so rapidly that this figure does not have much meaning, as is also true in the coal industry.

Petroleum: In 1962 the petroleum-use picture was—gasoline, 1.6×10^{10} barrels; distillate, 74×10^9 barrels; residual, 5.8×10^9 barrels; kerosene 16×10^9 barrels (mostly jet fuel); other, 74×10^9 barrels, including losses, export, etc.

The total demand was 3.8×10^{10} barrels, and the world supply was 8.8×10^{10} barrels, so that U.S. use runs around 40 percent. Net U.S. imports are around 70×10^9 barrels per year or less than 8 percent of use.

The present U.S. proven reserves (under present technology and price structure) are 31.4×10^{10} barrels.

It is generally believed that large reserves of both oil and gas probably lie elsewhere awaiting discovery on this continent and on the coastal shelf.

If an equitable relationship of imports to domestic production is maintained, these energy resources should remain adequate for the foreseeable future. The Eisenhower administration worked out such a policy of balanced relationships in 1959.

RECOMMENDATION NO. 13

The Federal Government should maintain a constant surveillance over primary sources of energy and revise its import or other regulations whenever necessary to maintain exploration, adequate supplies, and equitable prices.

14. Atomic energy: As previously noted, the Eisenhower administration gave particular encouragement to the peaceful uses of atomic energy, and notable successes were achieved. The first nuclear reactor to produce electrical energy for commercial use was initiated during the Eisenhower administration and built at Shippingport, Pa., with large contributions from private industry.

The cost per kilowatt-hour of electrical energy derived from the fission of uranium, which was estimated at 8 to 10 times the cost of conventional power in 1954, had been reduced by the ingenuity of American scientists and engineers until at the end of the Eisenhower administration plants were under construction whose output was competitive with steam-generating plants in the same areas of the Nation.

Thus, while no early exhaustion of fossil fuels appears to threaten us, and while technology is continually reducing the cost of electrical energy derived from fossil fuels, the remarkable strides in the reduction of power costs from nuclear energy will stimulate a healthy competition to make electricity still cheaper for consumers.

An important research project in the area of nuclear power development is the theoretical feasibility of producing electrical energy from the fusion of light elements such as hydrogen and deuterium. This project, research upon which was meagerly supported until 1953, was given the encouragement of needed appropriations beginning in that year. Very great progress has been made since, but a breakthrough in technology is yet to be achieved. Both the British and Soviet Governments are now believed to have come abreast of our former position of leadership in this area of research. The British effort is said to exceed ours, whereas greater than ours.

The significance of power from fusion, if it can be achieved, is (a) the fuel supply is unlimited since it exists in all bodies of water, and (b) the cost of power so produced would be a fraction of present power costs. We understand that this line of research in our own laboratories has been reduced both in priority and support. We believe this to be shortsighted.

RECOMMENDATION NO. 14

We recommend a new review of the peaceful uses of atomic energy to determine the areas in which research can be effectively and increasingly supported and to restore the sense of urgency which seems to have yielded to the more glamorous and costly demands of space exploration.

Mr. JAVITS. Mr. President, this is pursuant to my considered practice of having introduced all of their reports into the CONGRESSIONAL RECORD.

THE SITUATION IN VIETNAM

Mr. MANSFIELD. Mr. President, a group of outstanding Republican leaders in the other House has recently seen fit to deliver themselves of a tirade on policy in Vietnam. I am not surprised that the partisan political knives should be drawn on this issue. What amazes me is that they have come out of the sheaths so early. I can only conclude that they are intended to be used in a preliminary rumble in San Francisco as a warmup for the political war later on.

Let me make clear, Mr. President, that I am not deploring discussion of the Vietnamese situation. It is a serious situation. Any light which can be shed upon it by serious discussion in the House, in the Senate, or anywhere else, for that matter, is to be welcomed.

But a statement which labels the effort being made by thousands of Americans in South Vietnam, and at a cost of many American lives, a "why win" policy is not serious discussion.

Any statement which classifies the complex problem of Vietnam, which has confronted us through the Eisenhower, the Kennedy, and the Johnson administrations, as one peculiarly associated with the latter alone, is not serious discussion.

Any statement which describes a policy that has seen 16,000 American troops, vast naval and air forces deployed in southeast Asian waters, and billions of dollars spent in a region of limited unilateral American interest, as a policy of "pervasive softness," is not serious discussion.

Any statement which assumes that this Government can take operational control of the forces of another nation without assuming, at vast cost in lives and resources, total responsibility for what happens in that nation—in short, any statement which assumes that the purposes of freedom can be achieved in an alien land with an army of foreigners and some bargain-basement techniques of command, is not serious discussion.

Any statement which, in the manner of Colonel Blimp, assumes, from a map, that the mountains, sea, jungles, and rivers—thousands of miles—of the borders of Vietcong-held areas within

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that nation can be sealed off, not with tens of thousands, if not hundreds of thousands of U.S. forces, but with a wave of a statement, is not serious discussion.

Fortunately, Mr. President, there are Republicans who understand the situation in Vietnam from a firsthand experience with it. I refer particularly to our recent Ambassador in Saigon, Mr. Henry Cabot Lodge. He knows the meaning of what we are attempting in Vietnam and in southeast Asia. He knows the realities of the situation which confronts us. He knows the course of policy which offers the best hope of success. We shall not hear from him any comment about "why win" or "pervasive softness." Here is what we shall hear from him—and I quote from Associated Press dispatch No. 52, on June 30, 1964:

In Vietnam the aim of the struggle is to create a proper political atmosphere. That's how you beat the Communists there. The minute you've created a proper political atmosphere the war is over. That's why I was encouraged by the report I received just before I left Saigon that people are no longer feeding the Communists. I don't see the need for more troops in Vietnam. I think our policy there of relying on the Vietnamese to win with our help is the right policy.

Mr. President, the statement of the House Members to which reference has been made is not an invitation to serious discussion. It obscures the real questions with respect to Vietnam which confront the people of the United States. These questions do need, and should have, discussion. We do need public clarity on rational objectives of policy, not only for Vietnam, but also for all of southeast Asia. We do need public discussion of the means for achieving these objectives—of the military and the diplomatic channels which may be open or can be opened for dealing with the problems of that region which involve not only the United States, but, first and foremost, the people of the region itself, and, in a larger sense, the Chinese, the Russians, the Australians, the British, the French—indeed, in an ultimate sense, all of the people of the world.

That sort of discussion would be helpful to any President, Republican or Democrat, in this serious situation, as he strives, for all of us, to pursue a course which will safeguard our national interests, bring about peace, and preserve the opportunities for freedom in southeast Asia, at the lowest possible cost in American lives.

That is what President Johnson is attempting. Can any President attempt less? Can any President do more?

Mr. President, the Republican task force also made a statement about the weakness of the Nation's military position. I ask unanimous consent to have printed at this point in the RECORD a news release by the Secretary of Defense, Robert S. McNamara, dated June 29, 1964, in reply to that segment of the statement, and also a portion of the remarks made by the President of the United States at the Coast Guard Academy, at New London, Conn., on June 3, 1964.

There being no objection, the news release and the excerpt from the President's remarks were ordered to be printed in the RECORD, as follows:

[News release, Office of Assistant Secretary of Defense (Public Affairs), Washington, D.C., June 29, 1964]

Secretary of Defense Robert S. McNamara today issued the following statement:

"I read with regret the partisan attack on our Nation's military program contained in the report of the Republican policy committee's task force on American strategy and strength.

"The national defense has always been a bipartisan activity of the U.S. Government. To date Republicans as well as Democrats have supported the national defense program of the Kennedy-Johnson administration. Such support was given to our very first actions in 1961, which were to submit supplemental budget requests that increased the defense budget of this country by \$6 billion for fiscal year 1962. From the beginning of this administration through our current request for fiscal 1965, there has been an increase of \$23 billion over the level of spending that prevailed during the last year of the previous administration. These much needed increases have received bipartisan support throughout the country as a whole as well as in the Congress.

"As a result of these increases, the national security of this country has been greatly enhanced. Since January of 1961, there has been—

"A 150-percent increase in the number of nuclear weapons available in the strategic alert forces.

"A 50-percent increase in our strategic bombers on alert.

"A 60-percent increase in the tactical nuclear force in Western Europe.

"A 45-percent increase in the number of combat-ready divisions.

"A 75-percent increase in airlift capability.

"A 100-percent increase in funds for general ship construction and conversion to modernize our fleet.

"A 175-percent increase in the procurement of airlift aircraft.

"A 100-percent increase in the procurement of tactical aircraft.

"A 44-percent increase in the number of tactical fighter squadrons.

"An 800-percent increase in the Department of Defense Special Forces trained to deal with counterinsurgency threats.

"A 15,000-man increase in the strength of the Marine Corps.

"Since 1960, the intercontinental ballistic missiles and Polaris missiles in our arsenal have been increased from less than 100 to over 1,000 and the number of Polaris submarines in commission from 2 to 21.

"Today the intercontinental ballistic missile force of the United States is more than four times that of the Soviet Union.

"As for the future, our research and development program has laid the foundation for a continuing increase in our military strength. Since 1961, there has been—

"A 50-percent increase per year in the total funds expended on research and development over that prevailing during the last 4 years of the previous administration.

"An addition of 208 major new projects. These include 77 weapons programs with costs exceeding \$10 million each, including such major ones as the medium range ballistic missile, the F-111 fighter-bomber and the new main battle tank.

"An increase in expenditures for the development of counterinsurgency weapons and equipment from less than \$10 million in 1960 to over \$103 million requested for fiscal year 1965.

"A 54-percent increase in our anti-submarine

marine warfare research and development program in our fiscal 1965 budget request over 1961.

"This tremendous increase in strength could not have been accomplished without the closest cooperation between military and civilian leaders. As Gen. Lyman L. Lemnitzer said when he was Chairman of the Joint Chiefs of Staff: 'I am in constant touch with the Secretary, and through me, or in direct consultation with the Chiefs themselves, he obtains the views of the Joint Chiefs of Staff,' and 'I would like to reiterate it here, there is the closest possible working relationship between the civilian officials in the Defense Department and the Joint Chiefs of Staff.'

"Gen. Maxwell D. Taylor, who succeeded General Lemnitzer as Chairman of the Joint Chiefs of Staff, reaffirmed the existence of this intimate working relationship between the military and civilian leadership in the Pentagon in February of this year. And in June of 1963, General Taylor said, 'the voice of the American soldier is entitled to a serious hearing in our national councils—and I am happy to report that he today receives that hearing.'

"I am confident that there will continue to be the closest of working relationships between the military and civilian leaders of the Pentagon."

REMARKS OF THE PRESIDENT AT THE COAST GUARD ACADEMY, NEW LONDON, CONN.

We, as well as our adversaries, must stand in awe before the power our craft has created and our wisdom must labor to control. In every area of national strength America today is stronger than it has ever been before. It is stronger than any adversary or combination of adversaries. It is stronger than the combined might of all the nations in the history of the world.

And I confidently predict that strength will continue to grow more rapidly than the might of all others.

The first area of this increasing strength is our ability to deter atomic destruction. In the past 3 years we have increased our nuclear power on alert 2½ times, and our nuclear superiority will continue to grow until we reach agreement on arms control.

We have more than 1,000 fully armed ICBM's and Polaris missiles ready for retaliation. The Soviet Union has far fewer, and none ready to be launched beneath the seas. We have more than 1,100 strategic bombers, many of which are equipped with air-to-surface and decoy missiles to help them reach almost any target. The Soviet Union, we estimate, could with difficulty send less than one-third of this number over targets in the United States.

Against such force the combined destructive power of every battle ever fought by man is like a firecracker thrown against the sun.

The second area of increasing strength is our ability to fight less than all-out war. In the past 3 years we have raised the number of combat ready divisions 45 percent. They can be moved swiftly around the world by an airlift capacity which has increased 75 percent. Supporting tactical aircraft have been increased over 30 percent, and the number of tactical nuclear warheads in Europe has been raised 60 percent. We, and our NATO allies, now have 5 million men under arms. In addition we are now ready to mobilize large reserves in the event of conflict. Six divisions, with all supporting units, can be moved into action in a few weeks.

And we are continuing to build our forces. In a few years our airlift capacity will be five times what it was in 1961. Advanced weapons and equipment are flowing to our armies. Our fleet is being modernized through a decade-long shipbuilding program. And new tactical aircraft are being

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A third area of increasing strength is the struggle against subversion. Our adversaries, convinced that direct attack would be aimless, today resort to terror, subversion and guerrilla warfare. To meet this threat we began a large effort to train special forces to fight internal subversion. Since January 1961 we have increased these specialized forces eight times. We have trained more than 100,000 officers in these techniques. We have given special emphasis to this form of warfare in the training of all military units.

Our Army now has six Special Action Forces on call around the world to assist our friendly nations. They are skilled in the languages and problems of the area in which they are stationed. The Navy and Air Force have several thousand men whose abilities, training, equipment and mission are designed to combat clandestine attack. And behind these groups are five brigade-size backup forces ready to move into instant action.

But just as subversion has many faces, our responses must take many forms. We have worked to increase and integrate all the resources, political and social as well as military and economic, needed to meet a threat which tears at the entire fabric of a society.

But success in fighting subversion ultimately rests on the skill of the soldiers of the threatened country. We now have 344 teams at work in 49 countries to train the local military in the most advanced techniques of internal defense.

Subversive warfare is often difficult, dirty, and deadly. Victory comes only to those with the desire to protect their own freedom. But such conflict requires weapons as well as will, ability as well as aspiration. And we will continue to increase this strength until our adversaries are convinced that this course too will not lead to conquest.

The fourth area of increasing strength is in the development of new weapons for deterrence and defense. In the past several years we have begun many important new weapons systems. Minuteman II will have twice the accuracy of the first Minuteman. The new Nike X, when its development is completed, will give us the option to deploy, if national security requires it, the best antiballistic missile available to any nation. We are developing a new aircraft, the F-111, with much greater range, payload, and ability at air combat than present tactical bombers or fighters.

The Lance missile, the EX-10 torpedo, the A-7A attack aircraft, a new main battle tank, new antitank missile systems, are the emerging products of development that we are carrying on. And that effort is without parallel in all the world. We will continue to carry forward new projects which offer hope of adding substantially to our strength. I can assure the American people that the United States is, and will remain, first in the use of science and technology for the protection of the people.

DEPLORABLE FINANCIAL STATUS OF CHILDREN'S HOSPITAL, WASHINGTON, D.C.

Mr. CLARK. Mr. President, I offer for the Record a brief statement describing the deplorable financial condition in which the Children's Hospital of Washington, D.C., finds itself as a result of inadequate funds being made available to it, both through charity and through public sources.

The story is relatively complicated, but I have prepared a chronology as of Friday, June 26, which I ask you to

consent to have printed at this point in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

MEMORANDUM RE FINANCIAL CONDITION OF CHILDREN'S HOSPITAL: CHRONOLOGY AS OF FRIDAY, JUNE 26

1. The Senate added \$110,000 to the deficiency appropriation for the District of Columbia for fiscal 1964 for reimbursement increases to Children's Hospital for care of indigents.

2. The House knocked this out in conference, and the conference reports were approved in both Houses. (See Washington Post story of June 4.) But the statement of the managers on the part of the House said: "Deletes the proposal of the Senate to increase the rates paid to Children's Hospital. The managers on the part of the House feel this matter should be the subject of consideration in connection with the regular District of Columbia appropriation bill for 1965."

3. In an excellent editorial, the Washington Post on June 15 called upon the Commissioners, the administration, and Congress to save the Children's Hospital.

4. Thereafter, on June 17, President Johnson sent a message to the Congress containing an amendment adding \$160,000 to the District of Columbia appropriation request for fiscal 1965 to increase reimbursement rates to Children's Hospital for care of indigents. (See text of message, and Washington Post story of June 18.)

5. This money is desperately needed, and it is crucial that the Appropriations Committee act promptly to meet the request.

But the \$160,000 is only part of the story and will not solve the problems of the Children's Hospital created by its service without charge to indigent children in the community.

What is needed is to redefine the term "indigency" so that the hospital can be reimbursed for caring for those who are in fact unable to pay, although they do not meet the present legal criteria of "indigency." (See the excellent Washington Post editorial of June 19.)

6. The true plight of Children's Hospital is hard to appreciate for anyone who is not closely familiar with the situation. A real insight is supplied by President Kauffman's memorandum, which is attached.

Mr. CLARK. Mr. President, I ask unanimous consent also to have the following items printed at this point in the Record:

First. A news story from the Washington Post of June 14, 1964, entitled "Hill Conferees Reject Plea for Aid to Deficit-Hit Children's Hospital."

Second. An editorial, also from the Washington Post of June 15, entitled "Unpaid Bills."

Third. A communication from the President of the United States, transmitting an amendment to the budget for the District of Columbia.

Fourth. A news story from the Washington Post of June 18, entitled "L.B.J. Seeks Funds for Children's."

Fifth. An editorial under date of June 19, published in the Washington Post, entitled "To the Rescue."

Sixth. A copy of a proposed draft of a special report to the board of directors on the state of the Children's Hospital.

There being no objection, the material was ordered to be printed in the Record,

[From the Washington (D.C.) Post, June 14, 1964]

HILL CONFEREES REJECT PLEA FOR AID TO DEFICIT-HIT CHILDREN'S HOSPITAL

(By Dorothy Gilliam)

House-Senate conferees rejected a bid for help to financially ailing Children's Hospital yesterday despite pleas from House Speaker JOHN W. MCCORMACK, Democrat, of Massachusetts.

Their action dashed hopes for relief for the hospital during the current fiscal year.

It was understood that House conferees argued during the closed meeting that additional money for the hospital would constitute payment of a subsidy to a private institution and might create a precedent for other District hospitals.

Senator JOHN O. PASTORE, Democrat, of Rhode Island, reportedly made a strong plea for the \$110,000 request—part of the \$1.4 billion deficiency bill approved earlier by the Senate—which would have permitted the city to increase payments to the hospital for the care of needy children.

The House-Senate conference referred the matter to the District Appropriations subcommittees of both Houses for action in the city's budget for the fiscal year beginning July 1.

The House earlier denied the Commissioners' \$110,000 request, but the Senate approved funds to help in the hospital's financial emergency. Rejection by the House-Senate conference came as a surprise because of House Speaker MCCORMACK's endorsement earlier this week.

The hospital has a current operating deficit of \$476,000. The hospital board has authorized an emergency fund raising campaign to keep the institution open. Dr. Robert Parrott, hospital director, yesterday expressed "surprise and disappointment" over the conference action and said the board would now have to "examine very closely" what the hospital can do for needy children over the summer.

"I would hope that the Appropriation Committees of Congress," he said, "will examine the entire situation and take action in the upcoming fiscal year to allow the District government to assume a fuller part of its responsibility for the care of District youngsters."

[From the Washington (D.C.) Post, June 15, 1964]

THE UNPAID BILLS

Under the lash of hard necessity, the District Commissioners are at last considering the simplest and most obvious solution to the impending disaster at Children's Hospital. The city must reform the crabbed and perverse rules that govern a child's eligibility for medical aid.

Children's Hospital loses about \$300,000 a year in the unpaid bills of children who are indigent by every definition but the Health Department's. Unlike the city's own clinics, the hospital cares for sick children regardless of their eligibility for medical aid. The hospital's deficit is currently running above half a million dollars a year, and within a few months the hospital will be as destitute as the least prosperous of its patients.

Out of over 100 children whom the hospital admits as indigents, the Health Department considers only about 50 to be eligible for public medical aid. The hospital cares for the others, certainly, but the whole cost of that care is borne by the hospital itself.

Thirty out of every hundred indigent patients are ineligible because the Department's family unit rule creates a void of responsibility. Under the law, a child's parents are responsible for the hospital bill. Under the family unit rule, any relative living with the child is responsible. In a